GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4223
ANSWERED ON:15.12.2000
INVESTMENT OF UTI
CHANDRA BHUSHAN SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the Unit Trust of India made investment in those companies which have suffered losses for the year ending March 31, 2000;

(b) if so, the details thereof;

(c) the reasons for the Unit Trust of India investing in the companies which have suffered losses during the above said financial year;

(d) whether the UTI took note of the latest Audit report of these loss making companies; and

(e) if so, the details thereof?

Answer

MINISTRY OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIHE PATIL)

(a) Yes, Sir. UTI has invested in four companies, which have made losses for the year ending March 31, 2000.

(b) The details are provided below:

Name of the Company	Instrument
1. Jindal Vijaynagar Steel Ltd.	NCDs@
2. Lloyds Steel Ltd.	NCDs
3. Hughes Tele. Com	Equity
4. Birla AT&T Communication	NCDs

@NCDs - Non Convertible Debentures

(c) As per the appraisal reports of ICICI, the lead institution,these projects are viable and would generate sufficient cash flows to service the debt obligations. Hughes Tele. Com and Birla AT&T Communication are presently implementing basic line/cellular services projects, where the losses in the initial years are consistent with other large scale infrastructure projects.

NCDs of Birla AT&T were short-term instruments of 12 months tenor. Credit rating assigned to it was `P1+`, which is the highest rating for short-term paper.

(d) Yes, Sir.

(e) In the case of Jindal Vijaynagar Steel Ltd., the auditor haspointed out that no provisions have been made towards fees of foreign contractors, sundry debtors and overdue corporate deposits.